1 <u>ABSTRACT</u>

The present invention relates to a method and system for assessing the risks and/or exposures associated with financial transactions using various statistical and probabilistic techniques. Specifically, the present invention relates to a method and system for identifying plausible sources of error in data used as input to financial risk assessment systems using Bayesian belief networks as a normative diagnostic tool to model relationships between and among inputs/outputs of the risk assessment system and other external factors.